

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 AID-05 /026 W  
-----094135 080225Z /14

R 071021Z JUN 78  
FM AMEMBASSY BUDAPEST  
TO SECSTATE WASHDC 1655  
INFO AMEMBASSY VIENNA  
DEPT OF AGRICULTURE

UNCLAS BUDAPEST 2307

USDAO FOR CEP/OGSM

E.O. 11652: N/A  
TAGS: EAGR, HU, EEWT, EFIN  
SUBJECT: CCC FINANCING FOR HUNGARY

1. AGATT AND ECONOFFICER CALLED ON NATIONAL BANK OF HUNGARY (NBH) DEPUTY GENERAL MANAGER GYULA CZIRJAK JUNE 6 TO PRESENT LITERATURE ON CCC PROGRAM AND TO EXPLAIN CCC PROCEDURES. CZIRJAK LISTENED TO EXPLANATIONS WITH CONSIDERABLE INTEREST AND ASKED A NUMBER OF QUESTIONS WHICH HE HAD PREPARED IN ADVANCE. HE WAS NONCOMMITTAL REGARDING PROSPECTS THAT BANK WOULD REQUEST CREDIT LINE, AND INDICATED NO SUCH REQUESTS ARE LIKELY UNTIL AT LEAST AFTER BILATERAL TRADE AGREEMENT BECOMES EFFECTIVE (COMMENT: HOPEFULLY BY MID-SUMMER. END COMMENT).

2. CZIRJAK EXPLAINED PROCESS BY WHICH CREDIT DECISIONS ARE MADE. FOREIGN TRADING ORGANIZATIONS (FTO'S) ARE INSTRUCTED TO MAKE PURCHASING DECISIONS ON THE BASIS OF PRICE AND QUALITY CONSIDERATIONS. AFTER THIS DECISION IS MADE, THEY APPLY TO THE NBH FOR FOREIGN EXCHANGE; THE NBH DETERMINES THE BEST METHOD OF OBTAINING NECESSARY CREDIT. THUS CREDIT AVAILABILITIES DO NOT NORMALLY  
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DETERMINE COUNTRY FROM WHICH IMPORTS WILL BE PURCHASED. NEVERTHELESS, THE NBH LIKES TO HAVE ACCESS TO A VARIETY

OF FINANCING MECHANISMS AND WILL CAREFULLY CONSIDER THE POSSIBLE ADVANTAGES OF CCC CREDITS. EMBASSY OFFICERS EXPLAINED CCC LENDING CRITERIA, INCLUDING THE ADDITIONALITY STANDARD.

3. COMMENT. AS CZIRJAK INDICATED, THE NBH PLAYS THE DOMINANT ROLE IN IMPORT FINANCING; FTO'S ARE NOT NORMALLY CLOSELY INVOLVED IN CREDIT DECISIONS. NBH HAS RELIED PRIMARILY ON GENERAL-PURPOSE BORROWING FROM INDIVIDUAL BANKS AND THROUGH EURO-MARKET LOANS, MAKING RELATIVELY LITTLE USE OF OFFICIALLY SUPPORTED EXPORT FINANCE PROGRAMS. DESPITE THIS GENERAL POLICY, EMBASSY BELIEVES THAT ATTRACTIVE FINANCING POSSIBILITIES DO SOMETIMES SWAY PURCHASE DECISIONS; CREDIT CONSIDERATIONS WOULD BECOME MUCH MORE IMPORTANT IF CAPITAL MARKET CONDITIONS WERE TO TIGHTEN. THUS, AVAILABILITY OF CCC CREDIT DOES HAVE POTENTIAL FOR INCREASING AGRICULTURAL SALES. END COMMENT.

4. AGATT ALSO CALLED ON FTO'S IMPORTING AGRICULTURAL COMMODITIES, INCLUDING COTTON; REPORT FOLLOWS SEPTTEL. KAISER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, LOANS, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**TAGS:** EAGR, EEWT, EFIN, HU  
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**Review Markings:**  
Sheryl P. Walter  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014